

NOVARE[®] HEDGE FUND SURVEY 2020

Novare is pleased to present the 17th edition of the Annual Novare Hedge Fund Survey. Novare has conducted local hedge fund industry research for more than 15-years and has published the Annual Novare Hedge Fund Survey since 2004. Our survey collates market-leading insights, from more than 60 fund managers, into a concise report.

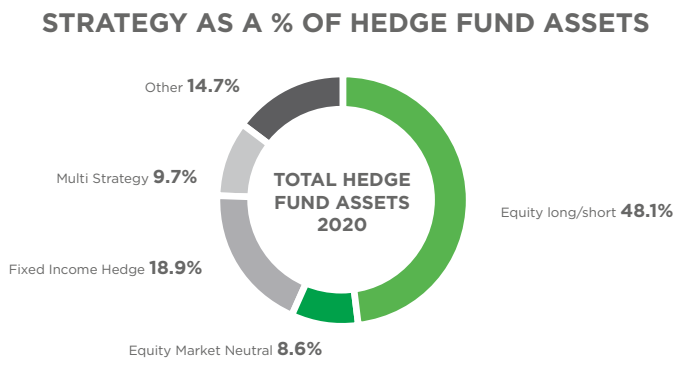
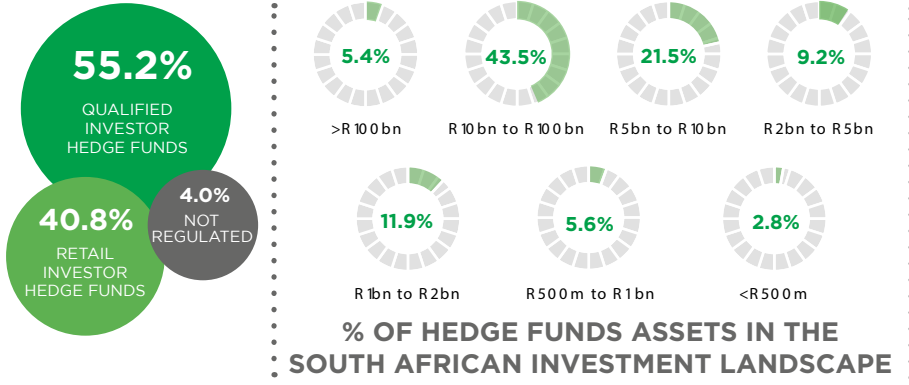
The FSB and National Treasury embarked on a process to enhance and expand the scope of regulation and oversight over hedge funds. A proposed framework for regulating hedge funds in South Africa was released and after engagement with industry, draft regulation for public comment was released in April 2014.

National Treasury and FSB finalises regulation of hedge funds. Hedge funds are regulated under the existing Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA).

New ASISA Hedge Fund Classification Standard.

THE EVOLUTION OF SOUTH AFRICAN HEDGE FUNDS

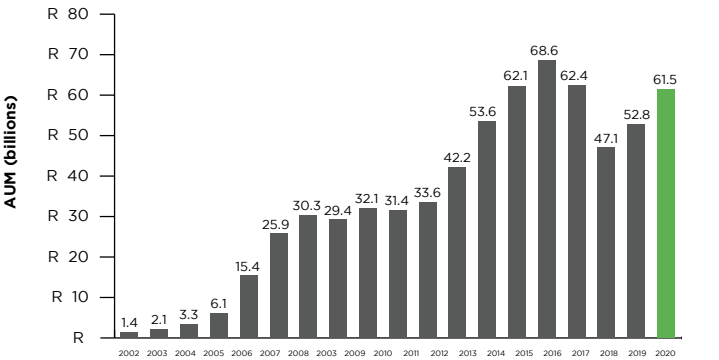
<p>Alfred Winslow Jones coins the term 'hedge fund'.</p> <p>1949</p>	<p>First South African single manager hedge fund established.</p> <p>1998</p>	<p>First fund of hedge funds created.</p> <p>2003</p>	<p>FSB starts regulating hedge fund managers, requiring that they hold a CAT II A licence.</p> <p>2007</p>	<p>Introduction of Regulation 28 for pension funds which introduced a 10.1% investment allocation limit to hedge funds. Previously the regulation did not explicitly refer to hedge funds.</p> <p>2011</p>	<p>2012</p>	<p>2015</p>	<p>2020</p>
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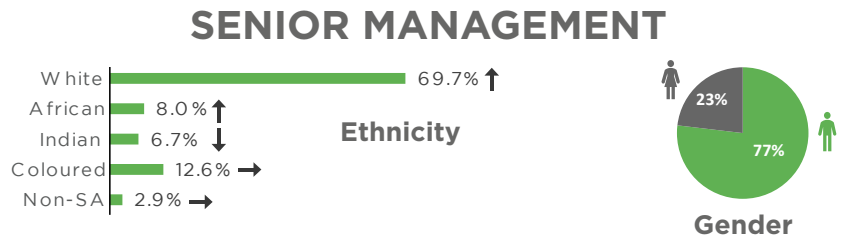
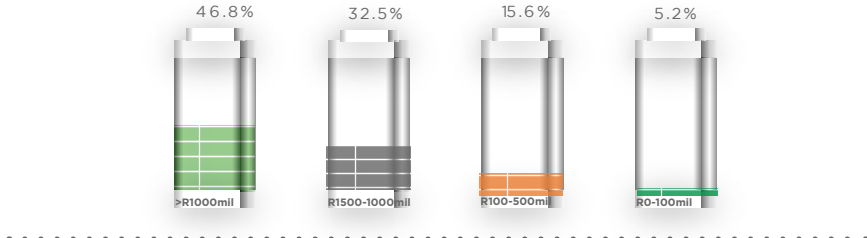
- AUM R61.05 BILLION**
 Assets under management increased by 16.6% during the period under review.
- NEW LAUNCHES**
 There were nine (9) newly launched funds.
- EQUITY LONG/SHORT**
 Directional Equity Long/Short strategies recorded biggest losses of assets and dissolved funds, the strategy represents 48.1% of the industry assets, the lowest it has ever been since 2012.
- FIXED INCOME**
 Fixed income arbitrage and equity market neutral funds outperformed other strategies and protected capital better during big market drawdowns, in Q12020.
- SIGNIFICANT ALLOCATORS**
 Pension funds, High Net worth Individuals and Retail investors continue to grow as significant allocators in the industry.
- PERFORMANCE**
 Despite the challenges of the year 2020, the hedge fund industry performance was positive across all categories, across manager sizes and across strategies.

ASSETS UNDER MANAGEMENT

For the period under review, hedge funds assets increased by **16.6%**, mostly due to performance from larger funds with hedge funds assets of over R2 bn.



% OF FUNDS AND AVAILABLE CAPACITY



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